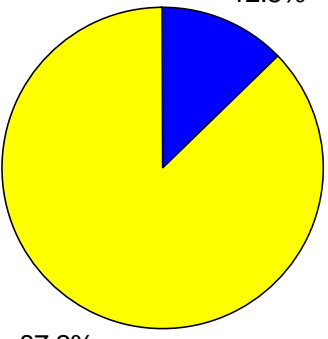


Department of Purchasing and Supply Management

12-04-Procurement Assistance and Compliance

Fund/Agency: 001/12	Department of Purchasing and Supply Management	
Personnel Services	\$458,866	CAPS Percentage of Agency Total  <div>■ Procurement Assistance and Compliance</div> <div>■ All Other Agency CAPS</div>
Operating Expenses	\$24,096	
Recovered Costs	\$0	
Capital Equipment	\$0	
Total CAPS Cost:	\$482,962	
Federal Revenue	\$0	
State Revenue	\$0	
User Fee Revenue	\$0	
Other Revenue	\$158,500	
Total Revenue:	\$158,500	
Net CAPS Cost:	\$324,462	
Positions/SYE involved in the delivery of this CAPS	10/9.5	

► CAPS Summary

The Fairfax County Purchasing Resolution stipulates that the Director of the Department of Purchasing and Supply Management shall be the County Purchasing Agent and charges the Director to "carry out the principles of modern central purchasing and supply management in accordance with applicable laws and regulations..." The Resolution also specifically assigns the Director "oversight responsibility over all County warehouses and storerooms" and the responsibility of "maintaining the County and Fairfax County Public Schools (FCPS) fixed assets accountability program."

Department of Purchasing and Supply Management

General

The Procurement Assistance and Compliance Program encompasses all of the Department's organized customer service and oversight initiatives. The program is funded from the County's general operating fund primarily through the Systems and Customer Services cost center that was created in FY 1995 with three sections: Systems Administration, Property Accounts, and Inventory Management. A fourth section, Compliance and Special Programs, was added in FY 1996 to bring more focus to the procurement compliance function. The staff is located in Suite 427 of the Government Center.

Procurement Assistance

The entire department is involved in customer assistance through daily contact with our customers. However, the Procurement Assistance and Compliance Program provides focused attention to customer assistance through:

- **Visits to all County agencies and quarterly meetings with major customers to identify and resolve purchasing issues.**

The oversight visits and quarterly "issues meetings" with major customers account for over 200 scheduled assistance contacts annually. During those sessions working level customers as well as managers are engaged in meaningful dialog about problems they encounter accomplishing procurement and supply management tasks. Information and informal on-the-spot training is provided to resolve most issues raised.

- **Maintenance of telephone "Help Desk" and internet/intranet web sites where customers can get information, request assistance, or provide data.**

The CASPS Help Desk and the customer service desk respond to over 1,000 assistance requests annually. The desks support all of the department's customers, including the general public, vendors, and County employees. The number of requests has been decreased radically (down from 2,700 in FY 1999) by operating interactive web sites on the Internet and the Intranet that provide many self-service capabilities to the customers.

- **Training, both formal in scheduled classes and informal during site visits.**

The department provides regularly scheduled classroom training in CASPS and Contract Management. DPSM funds participation in the National Institute of Governmental Purchasing course titled, "Welcome to Public Procurement" for 15 County employees each year. In addition, a "Purchasing 101" course is planned for the immediate future. This course will respond to recent feedback from customers for a course that covers the purchasing function and provide an overview of all aspects of the purchasing process. Informal on-the-job training is a primary objective of the Procurement and Assistance Program and constitutes a major portion of each site visit.

Department of Purchasing and Supply Management

Procurement Compliance

The Procurement Assistance and Compliance Program is also the formal oversight program through which the Director ensures customer compliance with purchasing and supply management regulations for:

- **Delegated procurement authority** – to verify that agencies who exercise small purchase authority (up to \$5,000), use a County procurement card, and/or place orders via the internet follow the correct procedures;
- **Consumable inventory management** – to verify that sound inventory management procedures are being employed to maintain the accuracy and accountability of the County's consumable inventories; and
- **Fixed assets inventory management** – to verify that County and FCPS Property Managers are accurately recording and reporting all capital equipment possessed by their agency.

Procurement Oversight

In FY 1990, agencies were authorized to issue "limited purchase orders" valued at \$100 or less. We estimate that less than \$500,000 was spent via the "limited purchase order" process. In FY 1993, the small purchase order was introduced and agencies were delegated purchase authority up to \$500 per order. By FY 1995, the volume of small purchase orders had reached 19,769 valued at \$5.63 million and the need for oversight of delegated purchasing was clearly established. At inception in 1996, the delegated procurement authority oversight program focused on the proper use of small purchase orders, and blanket purchase orders by County agencies.

Today, the agencies are empowered to use a large array of small purchasing tools that include the small purchase order (\$5,000 per order), the blanket purchase order, the procurement card, a web site for ordering office supplies, and soon an electronic shopping mall. In FY 2001, the agencies issued the following orders:

<u>Type of Order</u>	<u>Number</u>	<u>Value (\$ mil)</u>
Small Purchase	40,372	\$38.16
Blanket Purchase	2,016	84.63
Internet	55,146	6.51
<u>Procurement Card</u>	<u>89,463</u>	<u>26.73</u>
Total	186,997	\$156.03

Each of these tools presents different vulnerabilities and levels of risk and requires a separate set of procedures and internal controls that make oversight a complex function. The procurement assistance and compliance team uses a standard protocol to review agency procurement activities and endeavors to visit and report on each of the County's agencies once each 18 months. Over the last two years, no significant discrepancies have been detected in the delegated procurement activities of the agencies reviewed.

Department of Purchasing and Supply Management

Consumable Inventory Oversight

The County's consumable inventory has decreased in size from \$4.9 million in FY 1991 to \$4.1 million in FY 2001. Reductions have been achieved through the use of term contracts with next-day delivery terms for office supplies and similar readily available consumables and through consistent monitoring of the inventories to ensure that inventory turnover rates are satisfactory and obsolete stock is deleted. The accuracy of the inventory, as portrayed below, has increased markedly because of the quarterly spot checks and the training rendered during the spot check visits.

<u>Indicator</u>	<u>Standard</u>	<u>FY 1991</u>	<u>FY 2001</u>
Inventory Accuracy Rate	90%	95%	98%
Value Adjustment Rate	3%	3%	2.4%

Fixed Asset Inventory Oversight

The County and FCPS fixed asset inventory decreased in value and size dramatically in FY 1996 when the threshold for classifying equipment as capital assets was raised from \$500 to \$5,000. This change made the inventories much more manageable and led to a remarkable 100 percent post reconciliation accuracy rate for all spot checks conducted in FYs 1999 - 2001. The effort of the combined County and FCPS team to accomplish this is continually compounded as the County population grows and the number and size of facilities, especially schools, increases. The chart below summarizes the dynamics of the inventory.

<u>Indicator</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1999</u>	<u>FY 2001</u>
# Assets	110,435	8,219	10,860	12,511
Value of Assets (\$mil)	\$361	\$217	\$238	\$318

► Method of Service Provision

All functions are provided by County or FCPS employees. Normal working hours are 8:00 a.m. to 4:30 p.m. Monday through Friday.

The delegated procurement authority, consumable inventory, and fixed assets inventory oversight is exercised primarily through scheduled site visits to interview responsible personnel, review internal controls, records and reports, sample completed work, conduct "spot check" inventories, and conduct informal training. All visits conclude with a written report that summarizes findings and recommendations.

Customer service is a primary responsibility of all DPSM employees and a part of every customer contact. It is enhanced through formal "touch points" like the CASPS "Help Desk", the customer service desk, the various spot checks and assistance/compliance visits, and quarterly issues meetings.

Department of Purchasing and Supply Management

► Performance/Workload Related Data

Title	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate ¹	FY 2002 Estimate
Help Desk Calls Processed	7,000	2,700	1,102	882	1,000
Percent Customers Rating Help Desk Satisfactory	89%	89%	85%	100%	100%
Value of Delegated Purchases (million)	\$74.5	\$115.5	\$152.9	\$156.0	\$160.0
Number of Compliance Visits Conducted	2	3	0	16	50
Value of Consumable Inventory (million)	\$3.75	\$3.92	\$3.88	\$4.06	\$3.90
Number of Spot Checks Conducted	63	84	84	82	76
Spot Check Inventory Accuracy (%)	89%	97%	98%	97%	98%
Value of Fixed Asset Inventory (million)	\$137.8	\$168	\$197	\$318	\$250
Number of Spot Checks Conducted	162	48	101	173	63
Spot Check Inventory Accuracy (%)	99%	100%	100%	100%	100%

¹FY 2001 data are actual.